

Schedule of Findings
(presented in accordance with the standards applicable to attestation engagements contained
in *Government Auditing Standards*)

Matters Related to Material Non-Compliance**Finding No.** SL2007BE217_F01

Condition We performed site visits at 28 Orleans Parish School District (“Beneficiary”, “District”, or “OPSD”) locations to determine if the equipment purchased under Funding Request Numbers (“FRNs”) 1168608, 1272063, and 1443851 was in place at the designated locations and operational. While performing the site visits, we were unable to locate the following pieces of equipment at each entity:

Entity Name	Quantity	Equipment	FRN
Fortier High (Lusher High)	3	Wireless Access Points	1168608
Lusher Elementary	1	24-port Patch Panel	1272063
McMain	3	24-port Patch Panels	1272063
McDonogh 42	1	24-port Patch Panel	1443851
Samuel J. Green Middle	1	24" Wall Mounted Enclosure	1443851
	1	18-port rack mounted optical fiber housing	
	2	24-port Patch Panels	
Alice Harte Elementary Charter School	2	24-port Patch Panels	1443851
	1	24" Wall Mounted Enclosure	1443851
	1	18-port rack mounted optical fiber housing	1443851

In regard to the items not found at Alice Harte Elementary Charter School, Beneficiary personnel informed KPMG that the trailer where the equipment was originally installed was dismantled and transferred to the School District Central Office. However, we were unable to locate the items in question at the School District Central Office.

Through inquiry of the Beneficiary and observation made during site visits, we were able to determine that the equipment was not transferred due to either the temporary or permanent closing of the original locations. In addition, no notification was sent to Universal Service Administrative Company (“USAC”) regarding these transfers. Finally, the Beneficiary was not able to provide internal records documenting the nature of the transfers.

Criteria Per Federal Communications Commission (“FCC”) Rule 54.516 (a) (1), the Beneficiary should maintain asset and inventory records of equipment purchased as components of supported internal connections services sufficient to verify the actual location of such equipment for a period of five years after purchase.

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Per FCC Rule 54.504 (b) (2) (v), services requested from the Schools and Libraries Program are to be used solely for educational purposes.

Per FCC Rules 54.504 (b) (2) (iii) and 54.513 (c), the Beneficiary, with respect to eligible services and equipment purchased at a discount: a) should not sell or resell such items for money or any other thing of value; b) should not transfer such items, with or without consideration of money or any other thing of value, for a period of three years after purchase, or to date, other than in the event that such transfer was made to another eligible school or library in the event the particular location where the service was originally received was permanently or temporarily closed; c) should notify USAC of any such allowable transfer; and d) should maintain, as should the recipient, detailed records documenting the transfer and the reason for the transfer, to date.

Cause

The Beneficiary only maintained an asset listing to track equipment over \$1,000. Since all of the equipment selected for testing was under this threshold, no asset listing was available. The locations of the equipment detailed in the vendor's scopes of work did not reflect any changes that occurred after the equipment was initially installed. The Beneficiary's failure to maintain adequately detailed asset listings and records is considered a deficiency in internal controls over compliance with FCC Rules related to the Beneficiary's document retention process.

Effect

We cannot determine the monetary effect of this finding since the Beneficiary has not provided itemized costs of each piece of equipment installed.

Recommendation

We recommend that the Beneficiary establish internal controls to ensure that all equipment purchased under the Schools and Libraries Program is properly tracked and reflected in an up-to-date inventory listing. In addition, equipment should not be transferred for a period of three years after purchase, other than in the event that such transfer is made to another eligible school and the particular location where the service was originally received is permanently or temporarily closed. Lastly, KPMG recommends that the Beneficiary maintain detailed records documenting equipment transfers and the reason for the transfer.

Beneficiary Response

OPSB has completed the location of the wireless access points at Lusher (Fortier) and all units are in place as recorded in the order and reflected in the invoice. The three wireless access points ("WAPs") in question were not functioning the day of the visit and as such could not be located. They are functioning now and may be viewed. The missing equipment at Harte remains a mystery. Owing to the nature of the current charter relationship, OPSB has no control over the assets located inside charter sites. Until

Attachment 2, continued

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January 2008, OPSB was responsible for the entire network in the City [of New Orleans]. OPSB handled all devices in all sites whether they were charter or district managed. During August of 2007 the Recovery School District which is an agency of the State Department of Education (“DOE”) responsible for managing 67% of what was formerly OPSB, made the decision to split the networks and manage the sites separately. Owing to the magnitude of the effort of splitting the networks, it was not considered that OPSB should complete documentation to notify USAC that the assets in non-OPSB controlled sites were being transferred to the administrative authority of those sites, the Recovery School District. At this time OPSB is undertaking to produce and send to USAC a complete list of the devices no longer in OPSB sites and now under the administrative authority of the Recovery School District and its charter sites. Additionally, OPSB has reached out to the vendor who developed the scopes of work and implemented the wiring in the site to supply detailed reconciliation of the noted discrepancies and to supply detailed pricing for the parts included in wiring the specified sites. As a future practice, OPSB will require vendors to provide a more detailed accounting of the identifiable cost units in scopes for wiring services to mirror the detail provided on the purchase of local area network (“LAN”) electronics.